

# 1 INTRODUCTION

## 1.1 Purpose

The purpose of this publication is to acquaint State of Idaho Purchasing Personnel with the statutes, rules, and processes that govern public purchasing and to serve as reference material. For the purpose of this guide, purchasing personnel are considered to be anyone charged with responsibility of purchasing goods and services for their respective agencies. It may include storekeepers, inventory specialists, office and clerical specialists, buyers, senior buyers, purchasing agents, accountants, finance officers, bureau chiefs, or others with direct responsibility for purchasing.

Public purchasing is an evolutionary process and state purchasing can be called a laboratory where new ideas and different approaches are tested and refined. Some of the biggest challenges facing state government are the conservation of resources and cost containment while procuring high-technology products and services, professional services, environmentally sensitive products and services, privatization of public functions, and the financing and administration of programs previously handled by the federal government. This variety of purchasing activity demands well-thought-out policies and continuing improvement and refinement of procurement techniques. Your suggestions for improvement and cooperation are solicited and always welcomed.

## 1.2 Idaho Purchasing History

The format and growth of public purchasing was influenced by the procurement experience of both World Wars, which identified shortcomings in government acquisition programs and provided a crash course in remedial action. The federal establishment and most state's central procurement programs started because of the impetus of World War I. Most state procurement laws date from the 1920s. In the west, Idaho and California were the first to adopt a centralized purchasing plan with Oregon, Washington, Montana, and Utah following closely behind.

### 1919

The 1919 Idaho Session Laws established the Bureau of Supplies under the Department of Public Works and provided for the appointment of a purchasing agent. The preamble of chapter 128 reads as follows:

*"The purpose of this act is to secure the orderly and economical administration of the business affairs of the various state departments and institutions, publicity and fairness in awarding contracts for all supplies, and in keeping of accurate cost accounts."*

In addition to purchasing for state departments, the Bureau of Supplies also purchased supplies for the Department of Public Welfare's Sanitariums and cooperated with the State Board of Education to purchase supplies and develop contracts for the educational institutions.

Here are a few highlights taken from the 1925-26 Department of Public Works Biannual Report:

*"Following is a partial list of the purchases made during the last biennium: 32,000 tons of coal; 200,000 pounds of dressed beef; 120 tons of whole and ground feed; 900,000 pounds of flour, 90,000 pounds of germeal, oatmeal, etc.; 25,000 pounds of evaporated prunes; 10,000 pounds of honey; 3,000 gallons of vinegar; 20,000 electric light lamps; 20 cars of cement; other building materials, equipment and appliances; power and machinery; farm and maintenance equipment and supplies; stationery; books; typewriters, calculating machines and other office appliances; printing; provisions, clothing, dry goods and shoes; hardware and kitchen supplies; live stock; in short, material and supplies of every description.*

*Experience has demonstrated that large savings can be effected in the purchase of office supplies, such as paper, carbon paper, typewriter ribbons, pencils, inks, erasers, pins, fasteners and rubber bands by buying in large quantities. Actual practice has shown that the reduction is from 10 percent to 40 percent. For example, the state now holds a contract for carbon paper at \$1 per box, for typewriter ribbons at \$4.17 per dozen, slack coal \$1 per ton f.o.b. mines, lump coal \$2.65 per ton f.o.b. mines, typewriters at a discount of 20 per cent from list, and electric lamps at 29 per cent from list.*

*Pursuing the policy of dealing with Idaho producers, manufacturers and dealers, state institutions are at present using Idaho manufactured brooms and shoes, Idaho canned fruits and vegetables, Idaho vinegar, Idaho packed coffee and spices, and other items involving Idaho labor, and to this end a 5 per cent differential has been allowed to Idaho bidders.*

*Methods of operation in any purchasing bureau may be criticized, but the principle of centralized buying has proved its worth."*

## **1927**

In 1927 the Office of the State Purchasing Agent was created and all powers of the former Bureau of Supplies was transferred to that office. The purchasing agent now reported directly to the Governor rather than to the Department of Public Works.

## **1939**

In 1939 the duties and procedures for the Office of the State Purchasing Agent were expanded and defined in greater detail and an Advisory Board, consisting of the Governor and two legislators, was created to directly oversee the operations of the purchasing agent.

## **1974**

1974 saw the creation of the present day Division of Purchasing under the Department of Administration and the further defining of authority and responsibilities. The Division of Purchasing currently consists of an Administrator, Office Manager, Purchasing Officers, Buyers, Clerical Supervisor and Clerical Staff.

## **2001**

The first major revision of purchasing statutes and purchasing rules since 1974 took place in 2001. The changes included the ability to conduct competitive negotiations, reverse auctions, and allowed for all business to be conducted on the Internet.

## **In the Future**

Personal computers, voice mail, e-mail, Internet, electronic commerce, and automation of purchasing systems are recent developments that have changed the face of public purchasing. Who can say what wondrous inventions the future holds? Whatever it is, someone will need to buy it. Sound public purchasing will no doubt be required for a long time to come.